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March 25, 2004

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D. C. 20551

Re: Docket No. R-1181

~~Dear~~ Ms. Johnson:

I am writing in support of the Federal Bank Regulatory Agencies' (Agencies) proposal to increase the **asset** threshold from \$250 million to \$500M for banks **and** savings associations examined under the Small Institution Community Reinvestment Act (**CRA**) examination. I am also supportive of the Agencies' position to **eliminate** any consideration of whether the small institution is owned by a holding company. **This** increase in asset limit would go **a** long way to greatly reduce regulatory burden on those institutions, similar to my bank (\$350 million), that are not presently eligible for the small institution examination. While increasing the threshold to \$500 million would be immediately beneficial, it's worth noting that raising the limit to \$1 billion would **only** reduce the **amount** of assets subject to the large institution test by 4% (12/31/03 Call Report data).

I have been a community banker for 40 years and, unfortunately, I have witnessed an alarming rate of increased **paperwork** and recordkeeping to comply with **today's** regulatory burden. We are probably the most regulated industry that I know **of** in business today. Since 1995 when the CRA regulations were **rewritten**, we have added new **reporting** requirements under HMDA, the **USA** Patriot Act and the privacy provisions of the **Gramm-Leach Bliley** Act. However, the nature of **a** community **bank** has not changed but complying **with** the requirements of the large institution CRA examination is probably going to increase our salary and support expense by **20%** to 30%. Not only will this be costly to our **bank** from **an** overhead point of view, but it will take **personnel** away from helping to meeting the credit needs of our communities.

I truly believe that the majority of community **banks** did a fine job related to community reinvestment **long** before the CRA Act **was** written. It is now and **always** has been in **our** best interest to reinvest into **ow** respective communities.

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In order for **our** industry to continue to grow **and** prosper, we need regulatory relief! Increasing the asset **size** of **banks** eligible for the **small** bank streamlined CRA examination to \$1 billion would provide **significant** regulatory relief. **This** would in **no** way affect the obligation of all insured depository institutions **subject** to **CRA** in meeting the credit needs of their **communities**.

I would like to thank you for this opportunity to express my support on **increasing** the threshold for community banks to be eligible for the Small **Bank** Examination.

Sincerely,



Edwin N. Clift
President and CEO

ENC/dms